

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
NSCE-00 SSO-00 ICAE-00 INRE-00 DOEE-00 EA-10  
SIL-01 XMB-02 /123 W  
-----008495 091825Z /42

O R 091703Z JUN 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC IMMEDIATE 2973  
INFO AMEMBASSY BRUSSELS  
USMISSION GENEVA

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USOECD

USEEC

USMTN

E.O. 11652: N/A  
TAGS: ETRD, OECD  
SUBJECT: OECD AD HOC STEEL GROUP: JUNE 8-9  
MEETING

1. SUMMARY: PLENARY SESSION OF STEEL GROUP AND SERIES  
OF BILATERAL AND TRILATERAL DISCUSSIONS WITH KEY  
COUNTRIES REVEALED BROAD SUPPORT FOR INTENSIFYING  
COOPERATION VIA CREATION OF NEW INTERNATIONAL STEEL  
COMMITTEE, BUT ALSO IDENTIFIED FOLLOWING AREAS WHERE  
PROBLEMS WILL PROBABLY HAVE TO BE RESOLVED TO GET  
ENDORSEMENT OF US PROPOSAL: 1) UK LINKAGE OF  
ESTABLISHMENT OF COMMITTEE TO ASSURANCES RE  
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PENDING US ANTI-DUMPING ACTIONS; 2) EC COMMISSION  
INSISTENCE ON SOME FORM OF BLESSING FOR, OR AT LEAST  
NOTHING THAT COULD LEAD TO CRITICISM OF, ITS  
BILATERAL AGREEMENTS IN TEXT OF PROPOSAL, AND 3)  
CONCERNS BY A NUMBER OF DELS THAT COMMITMENTS NOT  
CONFLICT WITH OR REDEFINE GATT RULES OR PREJU-  
DICE MTN POSITIONS. SECRETARIAT DISTRIBUTED

SLIGHTLY MODIFIED VERSION OF PROPOSAL, MINUS MOST OF COMMITMENTS SECTION, TO OF GROUP JUNE 9. COMMENTS ARE DUE BY JUNE 21 TO SECRETARIAT, WHICH WILL THEREAFTER, IN CLOSE CONSULTATION WITH US/EC/JAPAN, TRY TO PUT TOGETHER COMPLETE VERSION OF PROPOSAL COMMANDING BROADEST POSSIBLE SUPPORT. END SUMMARY.

2. STEEL GROUP PLENARY: MAIN FOCUS OF STEEL GROUP DISCUSSIONS WAS EXPLANATION BY US OF OUTLINES OF PROPOSAL FOR STEEL COMMITTEE AS IT PRESENTLY STANDS IN US/EC/JAPAN TRILATERAL DISCUSSIONS. MAKING CASE FOR NEED TO ESTABLISH BODY THAT WAS MORE PERMANENT, HAD BROADER MANDATE, AND EMBODIED CLEARER COMMITMENTS THAN EXISTING STEEL GROUP, US DEL LISTED OBJECTIVES AND FUNCTIONS OF BODY AND SUGGESTED NEED TO DEVELOP COMMITMENTS IN AREAS OF TRADE ACTIONS, EXPORT CREDITS, ACCESS TO SUPPLIES OF STEEL MAKING MATERIALS, AND ADJUSTMENT POLICIES. WITH RESPECT TO THE FORUM, US DEL SAID A KEY ISSUE WAS HOW TO EVENTUALLY INVOLVE SOME COUNTRIES NOT MEMBERS OF OECD.

3. JAPAN EXPRESSED BROAD AGREEMENT WITH US PRESENTATION. EC COMMISSION REP (LOEFF) DID SO AS WELL, BUT ADDED NUMBER OF QUALIFICATIONS REFLECTING MEMBER STATE CONCERNS: A) NEED FOR ACCEPTABLE LIMITED OFFICIAL USE

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POLITICAL SOLUTION TO "CERTAIN PROCEDURES" BEGUN BEFORE US TRIGGER PRICE MECHANISM WAS ESTABLISHED. (THIS REFERRED TO UK POSITION DEMANDING ASSURANCES RE PENDING US ANTIDUMPING CASES DESCRIBED BELOW AND IN PARIS 18258. UK DEL'S DISSATISFACTION WITH PRECISION OF LOEFF'S PRESENTATION OF THE POINT FORCED THE LATTER TO MAKE IT A SECOND TIME LATER IN THE MEETING); B) PREFERENCE FOR AN OPPORTUNITY TO REVIEW NEED FOR COMMITTEE AFTER FIXED PERIOD OF TIME (FRG POSITION); C) DESIRE TO USE OECD AS FORUM AND CONSIDER QUESTION OF INVOLVING NON-MEMBERS CAREFULLY; AND D) WISH TO AVOID REDEFINITION OF GATT RULES OR CONFUSING MTN NEGOTIATIONS.

4. CANADIAN INTERVENTION EMPHASIZED LAST POINT MADE BY EC AND WENT ON TO WARN AGAINST BACKING INTO AN INFORMAL STEEL CARTEL VIA A SET OF STATIC COMMITMENTS. SWEDES VOICED HESITATION TO DEVIATE FROM GATT SYSTEM AND SAID THEY COULD GO ALONG WITH SPECIAL STEEL BODY ON UNDERSTANDING THAT

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INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
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NSCE-00 SSO-00 ICAE-00 INRE-00 DOEE-00 EA-10  
SIL-01 XMB-02 /123 W  
-----008928 091826Z /42

O R 091703Z JUN 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC IMMEDIATE 2974  
INFO AMEMBASSY BRUSSELS  
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IT WAS NOT A PRECEDENT FOR OTHER SECTORS AND WAS  
A TEMPORARY AFFAIR. GOS WANTED BODY CLOSELY  
CONNECTED TO OECD, PREFERABLY IN PART II OF THE  
BUDGET. SWISS COMPLAINED THEIR EXPORTS WERE DOWN  
AS RESULT OF US AND EC PRICE MAINTENANCE MEASURES  
AND EXPRESSED CONCERN ABOUT EFFECT OF ORGANIZING  
TRADE IN SPECIFIC SECTORS ON GENERAL TRADING SYSTEM.

5. OTHER DELS EXPRESSED BROAD SUPPORT FOR IDEA  
BUT WANTED TO HAVE WRITTEN VERSION OF PROPOSAL TO  
STUDY IN CAPITALS. SECRETARIAT AGREED TO CIRCULATE  
A TEXT JUNE 9 BASED ON POINTS MADE IN DISCUSSION  
(THIS WILL IN FACT BE TEXT AGREED JUNE 8 IN  
TRILATERAL. SEE PARA 7.) MEMBERS OF THE GROUP  
WERE ASKED TO PROVIDE COMMENTS BY JUNE 21 SO  
SECRETARIAT CAN PREPARE MORE COMPLETE PROPOSAL BASED  
ON ALL MEMBERS VIEWS.  
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6. PLENARY ALSO HEARD DESCRIPTIONS BY NUMBER OF DELS OF CURRENT SITUATIONS IN THEIR STEEL INDUSTRIES, MOST OF WHICH POINTED TO SOME SLIGHT IMPROVEMENTS RELATED TO FIRING UP OF PRICES RESULTING FROM ACTIONS BY US AND EC. CONCERNING THE PROPOSAL BY THE TRADE UNION ADVISORY COMMITTEE FOR A TRIPARTITE WORLD STEEL CONFERENCE, GROUP AGREED THAT IN LIGHT OF NEGOTIATIONS NOW UNDERWAY THIS REQUIRED FURTHER REFLECTION AND PRESUMABLY WOULD BE QUESTION FOR NEW STEEL COMMITTEE TO TAKE UP. STEEL GROUP ALSO MANDATED EXPERTS MEETING JUNE 9 TO FLESH OUT ECONOMIC ANALYSES TO BE UNDERTAKEN. (THIS MEETING WILL BE REPORTED IN SEPTTEL).

7. TRILATERALS: CUSTOMARY PRE-PLENARY TRILATERAL JUNE 8 ACCOMPLISHED LITTLE BECAUSE OF LARGE NUMBER OF EC MEMBER STATES IN ROOM AND UK HAMSTRINGING OF COMMISSION REP'S FLEXIBILITY. CHAIRMAN WOOTTON CONVENED TRILATERAL WITH HEADS OF DELS ONLY TO DECIDE HOW MUCH OF TEXT OF US/EC/JAPAN PROPOSAL COULD BE GIVEN TO REST OF GROUP. EC COULD AGREE TO CIRCULATION OF PARTIAL TEXT (MOST OF INITIAL COMMITMENTS REPLACED BY NOTE THAT FURTHER WORK IS NEEDED AND WORK PROGRAM SECTIONS OMITTED) UNDER SECRETARIAT AUSPICES, BUT ONLY WITH NUMBER OF MODIFICATIONS IN TEXT, WHICH IS BEING TRANSMITTED SEPTTEL.

8. TRILATERAL ALSO MET MORNING OF JUNE 9 WITHOUT SECRETARIAT (AND WITHOUT EC MEMBER STATE REPS) TO SEE WHAT PROGRESS COULD BE MADE TO NARROW DIFFERENCES OVER COMMITMENTS AND WORK PROGRAM SECTIONS LIMITED OFFICIAL USE

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OF DRAFT RESOLUTION. NUMBER OF CHANGES WERE AGREED. REVISED TEXT BEING REPORTED SEPTTEL.

9. BILATERALS: FOLLOWING SUMMARIZES BILATERAL DISCUSSIONS US HAD WITH SEVERAL DELS:

A) JAPAN: JAPANESE DEL SHOWED VERY COOPERATIVE ATTITUDE AND A GENUINE DESIRE TO MOVE WORK FORWARD AND GET OTHER MEMBERS OF STEEL GROUP INVOLVED IN DISCUSSIONS. THEY EXPRESSED PREFERENCE FOR OECD AS LOCUS OF NEW COMMITTEE AND CONCERN ABOUT PRECEDENT FOR ORGANIZATION OF INVITING NON-MEMBERS TO PARTICIPATE IN STEEL WORK. TEXT WAS GENERALLY ACCEPTABLE WITH FOLLOWING COMMENTS: 1) PARA 9 OF COMMIT-

MENTS SECTION SHOULD REFER TO "IMPORT" RATHER THAN  
"QUANTITATIVE" RESTRICTIONS SO AS TO NOT INCLUDE  
JAPANESE VRA'S AND PREJUDICE GOJ POSITION ON  
SAFEGUARDS IN MTN; 2) GOJ CAN'T ACCEPT PARA 12 BUT  
COULD SEE CONSULTATION PROVISION ADDED TO PARA 3;  
AND 3) SUGGEST THAT IDEAS IN PARA 9 COULD BE LEFT  
TO WORK PROGRAM OF COMMITTEE RATHER THAN INCLUDED  
IN INITIAL COMMITMENTS.

B) CANADA: GOC IS CONCERNED ABOUT RELATION OF  
TRADE PART OF INITIAL COMMITMENTS TO GATT, IN  
PARTICULAR WHY NEW COMMITTEE SHOULD DUPLICATE REVIEWS

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INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
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STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
NSCE-00 SSO-00 ICAE-00 INRE-00 DOEE-00 EA-10  
SIL-01 XMB-02 /123 W  
-----008389 091827Z /42

O R 091703Z JUN 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC IMMEDIATE 2975  
INFO AMEMBASSY BRUSSELS  
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OF ARTICLE 19 AND ANTI-DUMPING ACTIONS ALREADY  
CARRIED OUT BY GATT BODIES. ON FORUM, CANADIANS  
LEAN TOWARD OECD BUT HAVEN'T MADE UP THEIR MIND.  
COMMITMENTS RELATING TO EXPORT CONTROLS GOING BEYOND  
SCRAP WILL CAUSE PROBLEMS FOR GOC.

C) SWEDEN: SWEDES ARE ONLY LUKEWARM TO PROPOSAL  
FOR NEW COMMITTEE AND ARE CONCERNED THAT IT NOT BE

PERMANENT INSTITUTION OR REWRITE GATT RULES. GOS  
PREFERS NEW BODY TO BE A PART II ACTIVITY OF OECD.  
SWEDES WILL NOT ABANDON EXPORT CONTROLS ON SCRAP  
UNLESS EC DOES SAME AND WONDER WHY EXISTING  
"ARRANGEMENT" ON EXPORT CREDITS IS NOT SUFFICIENT  
FOR STEEL SECTOR.

D) UK: UK LINKS ESTABLISHMENT OF COMMITTEE TO  
ASSURANCES ON PENDING US ANTIDUMPING ACTIONS. US  
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MADE IT CLEAR THIS WAS NOT IN CARDS. SEE PARIS  
18258.

E. EC COMMISSION: COMMISSION REP (LOEFF) TOLD US  
AT BREAKFAST BILATERAL AND TRILATERAL LUNCHEON  
(WITH MEMBER STATE REPS ABSENT ON BOTH OCCASIONS)  
THAT PARA 9 WAS ESSENTIAL ELEMENT IN INITIAL COMMIT-  
MENTS SECTION, SINCE WITHOUT IT CURRENT EC ACTIONS  
WOULD NOT BE "COVERED" AND MEMBER STATES WOULD  
CONCLUDE THERE WOULD BE NOTHING IN PROPOSAL FOR  
EC. (INFORMAL US SUGGESTION THAT PARA 9 MIGHT BE  
OMITTED AND PROBLEM RESOLVED BY PRIVATE US-EC  
UNDERSTANDING ON ATTITUDE TOWARD EC ACTIONS WAS  
REJECTED BY LOEFF). IN ADDITION TO UK PROBLEM  
MENTIONED ABOVE, COMMISSION NOTED FOUR PROBLEMS  
WITH TEXT RAISED BY MEMBER STATES: 1) FRG WANTS  
LIFE OF COMMITTEE LIMITED TO 5 YEARS (US REPLIED  
THIS WOULD BE DIFFICULT TO ACCEPT); 2) UK,  
FRANCE, AND FRG ARE CONCERNED THAT MTN NEGOTIATIONS,  
E.G. ON SAFEGUARDS, COULD BE DISTURBED; 3) REVIEW  
OF STRUCTURAL POLICIES WOULD BE UNFAIRLY BIASED AGAINST  
EC, WHICH HAS THEM, AS OPPOSED TO US, WHICH DOES NOT;  
AND 4) FRG AND FRANCE ARE WORRIED ABOUT THE PRECEDENT  
OF OPENING OECD ACTIVITIES TO NON-MEMBERS.

SALZMAN

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEEL, COMMITTEES  
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**Copy:** SINGLE  
**Draft Date:** 09 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780242-0204  
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**Original Handling Restrictions:** n/a  
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**TAGS:** ETRD, OECD  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014